

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

AMERICAN GENERAL PROPERTY INSURANCE COMPANY

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No.: 04-090

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of American General Property Insurance Company (hereinafter also referred to as the "Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2001, the examiner-in-charge filed with the Division, on the 30th day of August, 2004, a verified, written report on examination, and a copy of that report has been sent to American General Property Insurance Company. (The Report on Examination of American General Property Insurance Company is attached hereto and marked as Exhibit A). The Division received written rebuttals to said examination report from the Company's counsel and the Company on September 2, 2004, and September 8, 2004, respectively. (Copies of the Company's written rebuttals are attached hereto and marked collectively as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of American General Property Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 30th day of August, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-405 by either requesting that the Commissioner allow it to admit excess statutory deposits held in other states, or by determining the amount said deposits exceed the liabilities set aside for policyholders of the respective states and not seek to admit the excess amount.
2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-411(b)(1) by maintaining its books and records generally, and its investment records in particular, in such a manner as to allow the Commissioner and/or her deputies convenient and free access to such books and records.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-501(g) by preparing its financial statements in accordance with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, including, but not limited to, SSAP No. 10 as to its method of accounting for Federal Income Tax recoverables.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against American General Property Insurance Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 9th day of September, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

Eric J. Stansell

Eric J. Stansell (BPR# 021707)
Staff Attorney
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Davy Crockett Tower, Fifth Floor
Nashville, Tennessee 37243
(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to American General Property Insurance Company, American General Center, Nashville, Tennessee 37250, on this the 9th day of September, 2004.

Eric J. Stansell

Eric J. Stansell
Certifying Attorney